

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA,

Plaintiff,

V.

PARTNERS HEALTHCARE SYSTEM, INC

Defendant.

Civil Action No. 05-11576-DPW

ANSWER TO COMPLAINT

Partners HealthCare Systems, Inc. by its undersigned attorneys for its Answer to the Complaint states and alleges as follows:

1. Regarding the allegations of Paragraph 1 of the Complaint, Defendant is without knowledge of information sufficient to form a belief as to the truth of the allegations of Paragraph 1 of the Complaint.

2. Regarding the allegations of Paragraph 2 of the Complaint, Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 2 of the Complaint.

3. Regarding the allegations of Paragraph 3 of the Complaint, admits that this Court has jurisdiction over this claim.

4. Regarding the allegations of Paragraph 4 of the Complaint, admits that the Defendant, Partners HealthCare System, Inc., has its principal place of business within this judicial district and is subject to the jurisdiction of this Court.

5. Regarding the allegations of Paragraph 5 of the Complaint, admits that venue is proper in this Court.

6. Regarding the allegations of Paragraph 6 of the Complaint, admits that the amounts at issue were repayments of Federal Insurance Contribution Act (FICA) taxes with respect to amounts paid to medical residents or fellows during the calendar quarters ending March 31, 2001, June 30, 2001, September 30, 2001, December 31, 2001, March 31, 2002, June 30, 2002, September 30, 2002, December 31, 2002, March 31, 2003, June 30, 2003, September 30, 2003, and December 31, 2003. Denies that these payments are taxable as FICA wages with respect to employment for services.

7. Regarding the allegations of Paragraph 7 of the Complaint, admits that Defendant timely filed Forms 941, Employer's Quarterly Federal Tax Return claiming credits, for each of the quarters in 2001. Admits that the payments to the medical residents or fellows were erroneously treated as taxable for FICA tax purposes.

8. Regarding the allegations in Paragraph 8 of the Complaint, admits that Defendant timely filed claims for FICA taxes paid and withheld on amounts paid to medical residents or fellows during 2002 and 2003. Admits that the payments to the medical residents or fellows were erroneously treated as taxable for FICA tax purposes.

9. Admits the allegations in Paragraph 9 of the Complaint.

10. Regarding the allegations of Paragraph 10 of the Complaint, Defendant is without knowledge of information sufficient to form a belief as to the truth of the allegations of Paragraph 10 of the Complaint.

11. Denies the allegations of Paragraph 11 of the Complaint.

12. Denies the allegations of Paragraph 12 of the Complaint.

13. Denies the allegations of Paragraph 13 of the Complaint.

14. Denies each and every other allegation of the Complaint unless specifically admitted or qualified herein.

WHEREFORE, Defendant requests that this Court enter its judgment as follows:

1. Dismissing the Complaint in this action with prejudice;
2. For their costs and disbursements incurred herein; and
3. For such other and further relief as the Court may deem just and appropriate.

Respectfully Submitted,

PARTNERS HEALTHCARE SYSTEM, INC.

By its attorneys,

Dated: September 1, 2005

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